AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of directors (the "Board") of AMS Public Transport Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding period in 2016. The unaudited condensed consolidated interim financial statements have been reviewed by the auditor and the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

	Notes	For the six months ended 30 September **2017** **Unaudited** **HK$'000**	 2016 Unaudited HK$'000
Revenue	3	**189,814**	188,654
Direct costs		**(163,418)**	(151,660)
Gross profit		**26,396**	36,994
Other revenue	4	**3,784**	4,029
Other net income	4	**24**	212
Deficit on revaluation of PLB licences	10	**(29,250)**	(1,280)
Administrative expenses		**(20,107)**	(19,045)
Other operating expenses		**(955)**	(571)
Operating (loss) / profit		**(20,108)**	20,339
Finance costs		**(1,552)**	(1,501)
(Loss) / Profit before income tax	6	**(21,660)**	18,838
Income tax expense	7	**(1,230)**	(3,308)
(Loss) / Profit for the period		**(22,890)**	15,530
(Loss) / Earnings per share attributable to equity holders of the Company			
- Basic (in HK cents)	9	**(8.44)**	5.82
- Diluted (in HK cents)	9	**(8.42)**	5.81

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	For the six months ended 30 September 2017 Unaudited HK$'000	2016 Unaudited HK$'000
(Loss) / Profit for the period		**(22,890)**	15,530
Other comprehensive expense			
Item that will not be reclassified subsequently to income statement			
- Deficit on revaluation of PLB licences	10	**(14,310)**	(350)
Total comprehensive (expense) / income for the period		**(37,200)**	15,180

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2017

	Notes	30 September 2017 Unaudited HK$'000	31 March 2017 Audited HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**23,520**	22,721
PLB licences	10	**293,040**	336,600
Public bus licences		**9,284**	9,284
Goodwill		**22,918**	22,918
Deferred tax assets		**1,434**	1,494
		350,196	393,017
Current assets			
Trade and other receivables	11	**9,130**	8,978
Tax recoverable		**547**	1,031
Bank balances and cash		**27,786**	62,071
		37,463	72,080
Current liabilities			
Borrowings		**9,399**	9,796
Trade and other payables	12	**28,173**	25,535
Tax payable		**1,046**	845
		38,618	36,176
Net current (liabilities) / assets		**(1,155)**	35,904
Total assets less current liabilities		**349,041**	428,921
Non-current liabilities			
Borrowings		**148,901**	165,931
Deferred tax liabilities		**1,156**	1,046
		150,057	166,977
Net assets		**198,984**	261,944
EQUITY			
Share capital	13	**27,191**	27,077
Reserves		**171,793**	234,867
Total equity		**198,984**	261,944

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. Corporate information

The Company was incorporated in the Cayman Islands on 18 March 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The head office and principal place of business of the Company is located at 11th–12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 April 2004.

2. Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017.

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for public light bus ("PLB") licences which are stated at fair values. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2017, except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are relevant to and effective for the Group's financial statements for annual accounting period beginning on 1 April 2017. The effect of the adoption of these new or amended HKFRSs was not material to the financial results or financial position of the Group.

The Group has not applied any new or amended HKFRSs that have been issued but are not yet effective. The directors of the Company (the "Directors") anticipate that the application of these new or amended HKFRSs will have no material impact on the results and financial position of the Group.

3. Revenue

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
	HK$'000	HK$'000
Services income	**189,814**	188,654

4. Other revenue and other net income

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
	HK$'000	HK$'000
Other revenue		
Advertising income	**1,989**	1,989
Administration fee income	**1,247**	1,247
Government subsidies (note (i))	**310**	540
Interest income	**117**	138
Management fee income	**114**	108
Repair and maintenance service income	**7**	7
	3,784	4,029
Other net income		
Gain / (Loss) on disposal of property, plant and equipment	**14**	(233)
Net exchange loss	**-**	(4)
Vehicle testing income	**-**	406
Sundry income	**10**	43
	24	212
	3,808	4,241

Note (i): During the six months ended 30 September 2017, the Group was entitled to receive subsidies of HK$310,000 (2016: HK$540,000) under the HKSAR Government's Exgratia Payment Scheme ("EP Scheme") for the disposal of certain pre-Euro IV diesel commercial vehicles (the "Disposal"). The government grants to the Group were recognised as income in the consolidated income statement for the period of the Disposal and when the conditions under the EP Scheme were complied with.

5. Segment information

The only operating segment of the Group is the franchised PLB and residents' bus services. No separate analysis of the reportable segment results by operating segment is necessary.

Since the Group's revenue and non-current assets are attributed to Hong Kong, which is also the place of domicile as the Group only engages its businesses in Hong Kong, no geographical information is presented.

No individual customers contributed over 10% of the Group's revenue for the six months ended 30 September 2017 and 2016.

6. (Loss) / Profit before income tax

(Loss) / Profit before income tax is arrived at after charging / (crediting):

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
	HK$'000	HK$'000
Fuel cost in direct costs	**24,393**	20,559
Employee benefits expense (including directors' emoluments)	**98,236**	90,750
Operating lease rental in respect of		
- PLBs	**38,279**	37,553
- land and buildings	**31**	19
Depreciation of property, plant and equipment	**1,231**	837
Deficit on revaluation of PLB licences (note 10)	**29,250**	1,280
(Gain) / Loss on disposal of property, plant and equipment (note 4)	**(14)**	233
Net exchange loss (note 4)	**-**	4

7. **Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
	HK$'000	HK$'000
Current tax	**1,060**	2,847
Deferred tax	**170**	461
Total income tax expense	**1,230**	3,308

8. **Dividends**

(a) Dividends attributable to the period

No interim dividend was declared by the Company for the six months ended 30 September 2017 (2016: Nil).

(b) Dividends attributable to the previous financial year, approved and paid during the period

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
	HK$'000	HK$'000
Final dividend of HK10.0 cents (2016: HK10.0 cents) per ordinary share	**27,191**	27,077

The final dividend declared for the year ended 31 March 2017 was HK10.0 cents (2016: HK10.0 cents) per ordinary share, totalling HK$27,077,000 (2016: HK$26,613,000) at the date of declaration. The actual payment of the final dividend for the year ended 31 March 2017 was HK$27,191,000 (2016: HK$27,077,000) of which HK$114,000 (2016: HK$464,000) was paid for shares issued for share options exercised after the date of declaration.

9. **(Loss) / Earnings per share**

(a) Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the loss attributable to equity holders of the Company amounting to HK$22,890,000 (2016: profit of HK$15,530,000) and on the weighted average number of 271,069,000 (2016: 266,898,000) ordinary shares in issue during the period.

(b) Diluted (loss) / earnings per share

The calculation of diluted (loss) / earnings per share is based on the (loss) / profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

9. (Loss) / Earnings per share (Continued)

(b) Diluted (loss) / earnings per share (Continued)

Details of calculation of diluted (loss) / earnings per share are shown as follows:

	For the six months ended 30 September	
	2017	2016
	Unaudited	Unaudited
(Loss) / Profit attributable to equity holders of the Company for the period (HK$'000)	**(22,890)**	15,530
Weighted average number of ordinary shares in issue during the period (in thousands)	**271,069**	266,898
Effect of dilutive potential shares on exercise of share options (in thousands)	**634**	619
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	**271,703**	267,517
Diluted (loss) / earnings per share (HK cents)	**(8.42)**	5.81

10. PLB licences

	2017	2016
	HK$'000	HK$'000
As at 1 April (Audited)	**336,600**	290,080
Addition	**-**	30,850
Deficit on revaluation charged to consolidated income statement	**(29,250)**	(1,280)
Deficit on revaluation dealt with in revaluation reserve	**(14,310)**	(350)
As at 30 September (Unaudited)	**293,040**	319,300

The fair value of a PLB licence dropped to HK$4,440,000 as at 30 September 2017 (31 March 2017: HK$5,100,000). At the balance sheet date, the PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value of PLB licences was determined under the market approach with reference to the average of recent market-quoted prices from different market dealers. As they were observable inputs which failed to meet Level 1, and there were not significant unobservable inputs used, the measurement was under Level 2 valuation hierarchy. The key assumptions under the market approach are consistent with those used and disclosed in the Group's annual financial statements for the year ended 31 March 2017.

Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured by using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured by using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured by using significant unobservable inputs.

10. PLB licences (Continued)

Fair value hierarchy (Continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurement of PLB licences:				
As at 30 September 2017 (Unaudited)	**-**	**293,040**	**-**	**293,040**
As at 31 March 2017 (Audited)	-	336,600	-	336,600

During the six months ended 30 September 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet date in which they occur.

11. Trade and other receivables

	30 September 2017 Unaudited HK$'000	31 March 2017 Audited HK$'000
Trade receivables – gross	**2,298**	1,546
Less: provision for impairment	**-**	-
Trade receivables – net	**2,298**	1,546
Deposits	**917**	974
Prepayments	**2,741**	2,194
Other receivables	**3,174**	4,264
	9,130	8,978

The directors consider that the fair values of the trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Majority of the Group's revenue is attributable to franchised PLB services income which is received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered. The Group normally grants a credit term ranging from 0 to 30 days to other trade debtors.

The ageing analysis of trade receivables, prepared in accordance with the invoice dates, is as follows:

	30 September 2017 Unaudited HK$'000	31 March 2017 Audited HK$'000
0 to 30 days	**2,178**	1,218
31 to 60 days	**80**	124
61 to 90 days	**40**	85
Over 90 days	**-**	119
	2,298	1,546

12. Trade and other payables

	30 September 2017 Unaudited HK$'000	31 March 2017 Audited HK$'000
Trade payables	**5,070**	4,534
Other payables and accruals	**23,103**	21,001
	28,173	25,535

The Group is granted by its suppliers credit periods ranging from 0 to 30 days. Based on the invoice dates, the ageing analysis of trade payables is as follows:

	30 September 2017 Unaudited HK$'000	31 March 2017 Audited HK$'000
0 to 30 days	**5,070**	4,534

All amounts are short-term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

13. Share capital

	30 September 2017 Number in thousand	30 September 2017 Unaudited HK$'000	31 March 2017 Number in thousand	31 March 2017 Audited HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At the beginning of the period	**270,768**	**27,077**	266,125	26,613
Exercise of share options	**1,145**	**114**	4,643	464
At the end of the period	**271,913**	**27,191**	270,768	27,077

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDEND

Owing to a non-cash deficit on revaluation of PLB licences amounting to HK$29,250,000 (2016: HK$1,280,000) charged to consolidated income statement, the Group recorded a loss for the six months ended 30 September 2017 of HK$22,890,000 (2016: profit of HK$15,530,000). The profit excluding the non-cash deficit on revaluation of PLB licences decreased by HK$10,450,000 or 62.2% to HK$6,360,000 (2016: HK$16,810,000) compared with same period last year, primarily attributable to inflating fuel prices and staff costs.

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

— As always, the Group continues to do its best endeavor to carry out routes restructuring in order to meet the passengers demand and optimise the operational efficiency. During the period, series of route restructuring plans involving 6 PLB routes (2016: 9) and 2 residents' bus route (2016: 1) had been approved and completed. Such route rationalisations mainly adjusted the Group's services in the southern district in response to the passengers' demand to the MTR South Island Line ("SIL") feeder service. Upon the commencement of the SIL in late December 2016, the Group launched three ancillary routes to provide feeder services to the commuters. Among these feeder routes, the performance of the one operating in Aberdeen was relatively satisfactory and it became the main reason of the increase in the ridership of the Group for the period. Although certain long haul cross district routes were affected by the extension of MTR Island lines, riding on the fast and frequent service of these short haul feeder routes, the patronage for the period increased by 2.1% to 29,634,000 (2016: 29,038,000) compared with last period.

— There was no change in the number of PLBs in service during the six months ended 30 September 2017. As at 30 September 2017, the PLB fleet size of the Group remained at 363 PLBs (31 March 2017: 363 PLBs; 30 September 2016: 358 PLBs) while the number of PLB routes reduced by one to 69 as at 30 September 2017 (31 March 2017: 70; 30 September 2016: 65 routes). The Group also operated 4 residents' bus routes (31 March 2017 and 30 September 2016: 4 routes) with 6 public buses (31 March 2017 and 30 September 2016: 6 public buses) as at 30 September 2017. The total mileage travelled for the period slightly decreased by 1.4% to 20,842,000 kilometers (2016: 21,148,000 kilometers), which was mainly attributable to the slightly adjusted service schedule of routes operating in Shatin and Kwai Chung areas.

— For the sake of the comfort of the passengers and operational efficiency, the Group replaced 21 aged PLBs with brand new long-wheeled Liquefied Petroleum Gas ("LPG") PLBs during the period (2016: 22 PLBs). Hence, the average fleet age reduced to 9.2 years (31 March 2017: 10.1 years) as at 30 September 2017. The Group aims to further replace 126 aged PLBs by end of 2019.

— The amendment of the Road Traffic Ordinance to increase the maximum passenger seating capacity of minibuses from 16 to 19 has come into effect on 7 July 2017. Up to 30 September 2017, the Group has deployed twelve 19-seated PLBs. Apart from deploying brand new 19-seated PLBs, the Group plans to retrofit around 71 16-seated PLBs into 19-seated PLBs by the end of 2018.

The details of the unaudited consolidated interim results for the period are presented below:

	For the six months ended 30 September			
	2017	2016	Increase/ (Decrease)	
	HK$'000	HK$'000	HK$'000	In %
Revenue	**189,814**	188,654	1,160	0.6%
Other revenue and other net income	**3,808**	4,241	(433)	-10.2%
Direct costs	**(163,418)**	(151,660)	11,758	7.8%
Administrative and other operating expenses	**(21,062)**	(19,616)	1,446	7.4%
Finance costs	**(1,552)**	(1,501)	51	3.4%
Income tax expense	**(1,230)**	(3,308)	(2,078)	-62.8%
Profit for the period before deficit on revaluation of PLB licences	**6,360**	16,810	(10,450)	-62.2%
Deficit on revaluation of PLB licences	**(29,250)**	(1,280)	27,970	2,185.2%
(Loss) / Profit for the period	**(22,890)**	15,530	(38,420)	-247.4%

— To ease the pressure from the inflating staff costs, the Group continued to submit fare increase application for certain underperforming routes during the period. During the period, fare rise in 6 routes had been approved and implemented at rates ranging from 8.7% to 9.8% (2016: Nil). Contributed by the short feeder routes which fares were relatively lower than other longer haul routes, the patronage of the Group increased by 2.1% compared with last period. Therefore, the revenue for the period slightly increased by HK$1,160,000 or 0.6% to HK$189,814,000 (2016: HK$188,654,000), compared with same period last year.

— The direct costs for the period increased by HK$11,758,000 or 7.8% to HK$163,418,000 (2016: HK$151,660,000) compared with last period. The major direct costs of the Group are labour costs, PLB rental expenses, fuel costs and repair and maintenance ("R&M") costs, which altogether made up around 94.4% (2016: 94.4%) of the total direct costs for the period. The changes on these major direct costs are as follows:

- Fuel costs: With the increase in international fuel prices, the average diesel and LPG unit prices increased by around 15.1% and 20.9% compared with last period. This is the main reason for the increase in fuel costs for the period by HK$3,834,000 or 18.6% to HK$24,393,000 (2016: HK$20,559,000);

- Labour costs: Owing to the increase in average PLB fleet size by around 2.0% and captains' payrise of approximately 6.6% on average in April 2017, the labour costs of captains for the period increased by HK$7,046,000 or 10.2% to HK$75,956,000 (2016: HK$68,910,000);

- PLB rental expenses: The PLB rental expense increased by HK$726,000 or 1.9% to HK$38,279,000 (2016: HK$37,553,000) compared with last period, which was mainly due to replacing 46 leased aged PLBs by new PLBs at higher rental rate compared with last period; and

- R&M costs: To promote the comfort of passengers, the Group upgraded the fleet by replacing aged vehicles and thus lowered the fleet age to 9.2 years as at 30 September 2017 (2016: 10.1 years). Although the average PLB fleet size for the period increased by around 2.0% compared with last period, the better mechanical reliability of the new vehicles effectively reduced the R&M costs for the period decreased by HK$467,000 or 2.9% to HK$15,661,000 (2016: HK$16,128,000).

— The fair value of a PLB licence was further down by HK$660,000 or 12.9% to HK$4,440,000 as at 30 September 2017 (31 March 2017: HK$5,100,000). Therefore, the total carrying amount of the PLB licences of the Group as at 30 September 2017 was HK$293,040,000, representing a decrease of HK$43,560,000 or 12.9% compared with the balance as at 31 March 2017 (31 March 2017: HK$336,600,000), of which HK$29,250,000 (2016: HK$1,280,000) was charged to the consolidated income statement and the remaining HK$14,310,000 (2016: HK$350,000) was charged to PLB licences revaluation reserve. Please also refer to the note 10 of the unaudited condensed consolidated interim financial statements for more information on the carrying amount of PLB licences.

According to the applicable accounting standards, the PLB licences are revalued with reference to their market value at each reporting date. Nevertheless, instead of holding for investment purpose, all the PLB licences owned by the Group are for operational use. The accounting revaluation of the PLB licences should be considered separately because the volatility of their market value has no significant impact on the Group's core operation.

— The administrative and other operating expenses increased by HK$1,446,000 or 7.4% to HK$21,062,000 (2016: HK$19,616,000), which was mainly attributable to the salaries increase for the administrative staff and the professional fees paid for the renewal of a continuing connected transaction, which has been approved by the shareholders during the annual general meeting 2017.

— The finance costs of the Group for the reporting period was HK$1,552,000, representing an increase of HK$51,000 or 3.4% compared with last period (2016: HK$1,501,000). Although the average bank borrowing balance during the period was 10.8% higher than that of last period, the refinancing arrangements carried out in last financial year effectively lowered the average borrowing interest rate by approximately 14 basis points (i.e. 0.14%) compared with that of last period. As a result, the finance costs for the period maintained at similar level as that of the same period last year.

— During the reporting period, income tax expense reduced to HK$1,230,000 (2016: HK$3,308,000). Excluding the non-deductible effect of deficit on revaluation of PLB licences of HK$29,250,000, the effective tax rate for the period was 16.2% (2016: 16.4%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2016: 16.5%).

Cash flow

The analysis of net cash flow of the Group is as follow:

	For the six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Net cash from operating activities (note (i))	**12,043**	24,803
Net cash used in investing activities:		
Capital expenditure excluding the acquisition of PLB licences	**(2,030)**	(1,860)
Acquisition of PLB licences	**-**	(25,950)
Government subsidies received	**310**	540
Interest received	**117**	138
Proceeds from disposal of property, plant and equipment	**14**	28
	(1,589)	(27,104)
Net cash used in financing activities		
Dividends paid to shareholders	**(27,191)**	(27,077)
Repayment of borrowings	**(17,427)**	(12,135)
Proceeds of borrowings	**-**	16,000
Capital received from exercise of share options	**1,431**	5,804
Interest paid	**(1,552)**	(1,501)
	(44,739)	(18,909)
Net decrease in cash and cash equivalents	**(34,285)**	(21,210)

Note:

(i) The net cash from operating activities decreased by HK$12,760,000 or 51.4% to HK$12,043,000, generally in line with the drop in the operating profit of the Group (excluding deficit on revaluation of PLB licences) for the period.

Capital structure, liquidity, financial resources and policies

Liquidity and financial resources

The Group's operations are mainly financed by proceeds from its operations. The Group carefully assesses and monitors its liquidity to ensure that it has sufficient cash and standby bank facilities to meet its daily operational needs.

As at 30 September 2017, the Group had net current liabilities of HK$1,155,000 (31 March 2017: net current assets of HK$35,904,000), and the current ratio (current assets/current liabilities) was 0.97 times (31 March 2017: 1.99 times). The drop in current ratio was mainly due to the reduction in bank balances and cash by HK$34,285,000 or 55.2% to HK$27,786,000 as at 30 September 2017 (31 March 2017: HK$62,071,000). Please refer to the "Cash Flow" section above for the details of the net cash outflow for the period.

As at 30 September 2017, the Group had bank balances and cash amounting to HK$27,786,000 (31 March 2017: HK$62,071,000). All of the bank balances and cash as at 30 September 2017 and 31 March 2017 were denominated in Hong Kong dollars.

As at 30 September 2017, the Group had banking facilities totaling HK$182,600,000 (31 March 2017: HK$200,027,000) of which HK$158,300,000 (31 March 2017: HK$175,727,000) was utilised.

Borrowings

There was no new borrowing incepted during the period. Apart from scheduled principal repayments, the Group early repaid bank borrowings amounting to HK$12,797,000 as a part of the refinancing arrangement. As a result, the balance of the total borrowings of the Group decreased by HK$17,427,000 or 9.9% to HK$158,300,000 as at 30 September 2017 (31 March 2017: HK$175,727,000).

The maturity profiles of the borrowings are as follows:

	As at 30 September 2017 HK$'000	As at 31 March 2017 HK$'000
Within one year	**9,399**	9,796
In the second year	**9,582**	9,991
In the third to fifth years	**44,057**	46,475
After the fifth year	**95,262**	109,465
	158,300	175,727

The gearing ratio (total liabilities/shareholders' equity) of the Group as at 30 September 2017 was up to 94.8% (31 March 2017: 77.6%), which was attributable to the decrease in shareholders' equity by HK$62,960,000 or 24.0% to HK$198,984,000 (31 March 2017: HK$261,944,000), as a result of the distribution of final dividends of HK$27,191,000 for last financial year and the drop in carrying value of PLB licences by HK$43,560,000 as explained above.

Pledge of assets

The Group has pledged certain assets to secure the banking facilities granted. Details of the pledged assets are as follows:

	As at 30 September 2017 HK$'000	As at 31 March 2017 HK$'000
PLB licences	**182,040**	224,400
Property, plant and equipment	**5,505**	4,987

Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day. Also, the Group does not provide guarantees to third parties which would expose the Group to credit risk. The Group is therefore not exposed to any significant credit risk.

Foreign currency risk management

The Group is not exposed to significant foreign exchange risk as the majority of income and expenditures of its operating activities and monetary assets and liabilities of the Group are denominated in Hong Kong dollars.

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances and borrowings. All borrowings as at 30 September 2017 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk. Finance costs accounted for around 0.8% (2016: 0.9%) of the total costs of the Group for the reporting period. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could be significant to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the Board concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the period. The management will continue to closely monitor the changes in market condition.

Capital expenditure and commitment

During the reporting period, the Group's total capital expenditure of HK$2,030,000 (2016: HK$32,710,000) was mainly for acquiring two new PLBs for replacement purpose. As at 30 September 2017, the Group's capital commitment contracted and not provided for was HK$3,250,000 (31 March 2017: HK$3,307,000).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2017 and 31 March 2017.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Expenses relating to employee benefits incurred for the reporting period were HK$98,236,000 (2016: HK$90,750,000), representing 52.5% (2016: 51.5%) of the total costs (excluding the deficit on revaluation of PLB licences). Apart from the basic remuneration, double pay and/or discretionary bonus were also granted to eligible employees with reference to the Group's performance and individual contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members.

The headcounts of the Group were as follows:

	As at 30 September 2017	As at 31 March 2017
Directors	**8**	8
Administrative staff	**104**	105
Captains	**1,152**	1,124
Technicians	**44**	47
Total	**1,308**	1,284

PROSPECT

The new law for increasing the maximum passenger seating capacity of minibuses from 16 to 19 came into effect on 7 July 2017. Up to the date of this report, the Group has deployed 26 19-seated minibuses, approximately 7.2% of the PLB fleet. The 19-seated minibuses are welcomed by the passengers because they effectively reduce passengers' waiting time, especially in the fast and short-haul MTR feeder routes. The management would do its best endeavor to speed up the replacement and modification schedule in the near future. In recent years, the demand of minibus feeder service grew alongside with the railway development and the Group have launched feeder routes or restructured existing routes to meet the passenger needs. Looking ahead, the Group would continue to rationalise the feeder routes to optimise the resources of the Group and join hands with the MTR to offer interchange fare concession to the passengers. Also, the management would closely monitor the future railway development in Hong Kong and formulate long-term strategies to diversify its business portfolio.

Owing to the high operating costs, the management anticipates the business environment of the minibus industry remains challenging in the near future. Apart from the hiking fuel prices, the unresolved industry-wide problem of labour shortage would continue to drive the labour costs up. In order to maintain the quality of service, the Group has to adjust the level of remunerations of the captains and frontlines staff when necessary. To tackle the challenges of the inflating costs, the Group will optimise operating costs internally by adjusting the fleet size and rationalising the routes and the service schedules after due evaluation of the passenger demand. Also, the management would closely monitor the market conditions and negotiate with the fuel suppliers for further concession. Despite all these, the Group will continue to submit fare rise applications to the Transport Department. The management hopes the pace of fare rise approval could be speeded up in the second half of this financial year.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code as set out in Appendix 14 "Corporate Governance Code and Corporate Governance Report" (the "Code") of the Listing Rules for the six months ended 30 September 2017.

The Company has adopted a code of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules (the "Model Code") throughout the six months ended 30 September 2017. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors during the period under review.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 30 November 2017 to review the unaudited condensed consolidated interim financial statements and interim results announcement of the Group, and to provide advice and recommendations to the Board.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF DETAILED INTERIM RESULTS

All the financial and other related information of the Company for the six months ended 30 September 2017 which is required to be disclosed under the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 30 November 2017

Members of the Board as at the date of this announcement are as follows:

Executive Directors
Mr. Wong Ling Sun, Vincent *(Chairman)*
Ms. Ng Sui Chun
Mr. Chan Man Chun *(Chief Executive Officer)*
Ms. Wong Wai Sum, May

Non-Executive Director
Ms. Wong Wai Man, Vivian

Independent Non-Executive Directors
Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi